

AIU INSURANCE COMPANY
70 PINE STREET
NEW YORK, NY 10270

A CAPITAL STOCK COMPANY

COMMERCIAL GENERAL LIABILITY DECLARATIONS

POLICY NO. GL 817-83-05 RA

NAMED INSURED HOVNANIAN ENTERPRISES, INC.
10 HIGHWAY 25
RED BANK NJ 07701-0000

POLICY PERIOD: From 10/31/97 to 10/31/99 at
12:01 A.M. Standard Time at your mailing address shown above

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY,
WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

LIMITS OF INSURANCE

GENERAL AGGREGATE LIMIT (Other Than Prod-Comp Operations)	\$	2,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	\$	1,000,000
PERSONAL & ADVERTISING INJURY LIMIT	\$	1,000,000
EACH OCCURRENCE LIMIT	\$	1,000,000
FIRE DAMAGE LIMIT	\$	50,000 Any One Fire
MEDICAL EXPENSE LIMIT	\$	5,000 Any One Person

Forms Of Business: ☐ Individual ☐ Partnership ☐ Joint Venture ☐ Organization
(Other than Partnership or Joint Venture)

Business Description: CONSTRUCTION

Location Of All Premises You Own, Rent or Occupy: SEE ATTACHED SCHEDULE

CLASSIFICATION	CODE NO.	PREMIUM BASIS	RATE.	ADVANCE PREMIUM	
				PR/CO	ALL OTHER
SEE ATTACHED SCHEDULE					

Premium shown is payable: \$ at inception.

TOTAL: \$ 1,272,499

ENDORSEMENTS ATTACHED TO THIS POLICY: SEE ATTACHED SCHEDULE.

COUNTERSIGNED (Date) BY (Authorized Representative)

AIU INSURANCE, COMPA
70 PINE STREET, NEW YORK, N.Y. 10270
A CAPITAL STOCK COMPANY

PRODUCER NO: 67204
LOCKTON COMPANIES INC
6250 RIVER ROAD
SUITE 6020
ROSEMONT

1160018

COMMON POLICY DECLARATIONS

POLICY NO.: GL 817-83-05 RA

RENEWAL OF: NEW

NAMED INSURED: HOVNANIAN ENTERPRISES, INC.

MAILING ADDRESS: 10 HIGHWAY 25
RED BANK NJ 07701-0000

POLICY PERIOD: From 10/31/97 to 10/31/98 at
12:01 A.M. Standard Time at your mailing address shown above

BUSINESS DESCRIPTION: CONSTRUCTION
IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS, CONDITIONS, AND
EXCLUSIONS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS
POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A
PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Boiler and Machinery Coverage Part	\$ NOT COVERED
Commercial Auto Coverage Part	\$ NOT COVERED
Commercial Crime Coverage Part	\$ NOT COVERED
Commercial General Liability Coverage Part	\$ 1,077,504
Commercial Inland Marine Coverage Part	\$ NOT COVERED
Commercial Property Coverage Part	\$ NOT COVERED
Farm Coverage Part	\$ NOT COVERED

TOTAL \$ 1,077,504

Premium shown is payable: \$ 1,080,117 at inception.

SURCHARGE \$ 2,613

Forms applicable to all Coverage Parts: SEE ATTACHED SCHEDULE.
(Show numbers)

COUNTERSIGNED: _____ BY _____
(Date) (Authorized Signature)

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by
state law, this policy shall not be valid unless countersigned by our authorized representative.

Elizabeth M. Tuck
Elizabeth Tuck, Secretary

Norman K. Tizzo
Norman K. Tizzo, President

AIU INSURANCE COMPANY
70 PINE STREET
NEW YORK, NY 10270

A CAPITAL STOCK COMPANY

COMMERCIAL GENERAL LIABILITY DECLARATIONS

POLICY NO. GL 817-83-05 RA

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10 HIGHWAY 25
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PERSONAL & ADVERTISING INJURY LIMIT	\$	1,000,000
EACH OCCURRENCE LIMIT	\$	1,000,000
FIRE DAMAGE LIMIT	\$	50,000 Any One Fire
MEDICAL EXPENSE LIMIT	\$	5,000 Any One Person

Forms Of Business: ☐ Individual ☐ Partnership ☐ Joint Venture ☐ Organization
(Other than Partnership or Joint Venture)

Business Description: CONSTRUCTION

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CLASSIFICATION	CODE NO.	PREMIUM BASIS	RATE.	ADVANCE PREMIUM	
				PR/CO	ALL OTHER
SEE ATTACHED SCHEDULE					

Premium shown is payable: \$ at inception.

TOTAL: \$ 1,077,504

ENDORSEMENTS ATTACHED TO THIS POLICY: SEE ATTACHED SCHEDULE.

COUNTERSIGNED _____ BY _____
(Date) (Authorized Representative)

FORMS SCHEDULE

NAMED INSURED: HOVNANIAN ENTERPRISES, INC.

EFFECTIVE DATE: 10/31/97

POLICY NO: GL 817-83-05 RA

60320(05/94)	COMMON POLICY DECLARATIONS
IL00031185	CALCULATION OF PREMIUM
IL00171185	COMMON POLICY CONDITIONS
	SURCHARGE/TAX SCHEDULE
60319(05/94)	COMMERCIAL GENERAL LIABILITY DECLARATIONS
CG00011096	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
IL00211194 ✓	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
CG20101093	ADDITIONAL INSURED- OWNERS, LESSEES OR CONTRACTORS
CG20151188	ADDITIONAL INSURED - VENDORS
CG21471093 ✓	EMPLOYMENT RELATED PRACTICES EXCLUSION
CG21510989	AMENDMENT OF LIQUOR LIABILITY EXCLUSION
CG21600498	EXCLUSION YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS
CG24041093	WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US
CG25031185	AMENDMENT - AGGREGATE LIMITS OF INSURANCE PER PROJECT
CG99011185	MOTOR VEHICLE LAWS
42833(08/85) ✓	ASBESTOS EXCLUSION ENDORSEMENT
45782(05/87) ✓	RADIOACTIVE MATTER EXCLUSION
46690(11/87)	SELF-INSURED RETENTION
58332(07/93)	TOTAL LEAD EXCLUSION
61544(12/94)	BROAD NAMED INSURED
61553(12/94)	WRAP UP EXCLUSION
62176(03/95)	UNINTENTIONAL ERRORS AND OMISSIONS
64011(11/95)	AMENDMENT OF TERRITORY COVERAGE
65986(03/93)	OTHER INSURANCE ✓
C95611(01/75)	EMPLOYEE BENEFITS
ENDORSEMENT # 001	NAMED INSURED
ENDORSEMENT # 002	ADDITIONAL DEFINITIONS
ENDORSEMENT # 003	CANCELLATION BY US
ENDORSEMENT # 004	JOINT VENTURE EXCLUSION ✓
ENDORSEMENT # 005	INSURANCE COMPANY WAIVER ENDORSEMENT
ENDORSEMENT # 006	KNOWLEDGE & NOTICE OF AN OCCURRENCE ✓
ENDORSEMENT # 007	UNDISCLOSED EXPOSURES ENDORSEMENT ✓
ENDORSEMENT # 008	AMENDMENT OF PERSONAL INJURY COVERAGE ✓
ENDORSEMENT # 009	AMENDMENT OF BODILY INJURY DEFINITION ✓
ENDORSEMENT # 010	STOP GAP COVERAGE EMPLOYERS LIABILITY ENDORSEMENT
ENDORSEMENT # 011 ✓	MONTROSE ENDORSEMENT
ENDORSEMENT # 012	COMPOSITE RATE ENDORSEMENT
ENDORSEMENT # 013	SIR AMOUNT ENDORSEMENT
ENDORSEMENT # 014	AMENDMENT FELLOW EMPLOYEE EXCLUSION
ENDORSEMENT # 015 ✓	POLLUTION EXCLUSION - TIME ELEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESS AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

SURCHARGE/TAX SCHEDULE

EFFECTIVE DATE: 10/31/97

NAMED INSURED: HOVNANIAN ENTERPRISES, INC.

POLICY NO.: GL 817-83-05 RA

NEW JERSEY STATE

SURCHARGE/TAX
2,613

AMERICAN INTERNATIONAL GROUP, INC.

70 PINE STREET
NEW YORK, N.Y. 10970

THOMAS R. TIZZIO
SENIOR VICE CHAIRMAN

June 8, 1998

To Our Insureds:

I am writing to call your attention to a situation that has the potential to cause unprecedented dislocation to businesses in the United States and throughout the world. As many of you know, thousands, perhaps millions, of computers and devices with embedded microchips record only the last two digits of a year. As a result, they may not be able to recognize that January 1, 2000 (or subsequent dates) comes after December 31, 1999. As soon as dates in the Year 2000 become relevant to the operation of products or business transactions - a process that has already begun-computers and microchips containing the "millennium bug" may produce erroneous calculations or cease to function, causing problems that can range from the merely inconvenient to the potentially disastrous. Inventory and accounting systems will be affected; so will credit-card validation, electronic data interchange, automated banking reports, pension benefit payments, drug distribution systems for pharmacies and hospitals, and mechanical systems operating everything from office building environmental controls and elevator banks to telephone switches and oil refineries. The cost of fixing the problem in the United States alone has been estimated at more than \$600 billion.

Whether the dislocation resulting from this "bug" will be crippling or merely extraordinarily expensive, we at AIG believe that any business that uses or is affected by computers - in other words, every business in the country - must respond immediately, proactively, and aggressively. Most Year 2000 problems can be averted, given sufficient foresight, resources, and will. Companies will be judged - and, in some cases, will succeed or fail - depending on how they address these issues.

At AIG, we have identified those of our systems that are subject to Year 2000 risk, and we are well on the way to ensuring that all of our systems will be Year 2000-compliant in time to prevent any significant disruption or dislocation in our business or in the services we provide to our insureds. We are also communicating with the third-party brokers, agents, and administrators with whom we deal to alert them to these issues and encourage them to take similar actions. Every process to address Year 2000 should include backup and contingency plans to ensure that any incidents that do occur have minimal impact on operations.

The principal purpose of this letter is to encourage you, in the strongest possible terms, to do what is necessary to ensure that you have the same degree of comfort about the operation of your business in the face of potential Year 2000 problems as we have about ours. The Year 2000 bug is, first and foremost, a business and technical problem that must be addressed on that basis. It cannot be too strongly emphasized that a company's most important response to the Year 2000 problem is to take all feasible steps to eliminate the problem on a *technical* basis-or, to the extent the problem cannot be eliminated, to minimize its impact. Resources must be assembled and managed; the board of directors should take an active and ongoing role in ensuring that management has identified, addressed, and resolved problems on a timely basis.

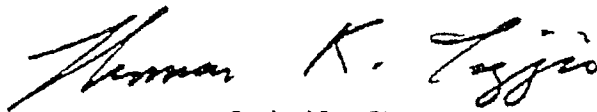
Y2KLetter
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What, then, should your organization do? There is obviously no single general solution to a problem that will have as many different manifestations as there are addressees of this letter, but a few common sense guideposts may be helpful:

- If you have not yet evaluated your Year 2000 exposure, do it now. Assemble whatever resources are needed to get a handle on the scope of the problem at your organization *now*, so that remedial efforts can be started without further delay. Most public companies will already have started this process in response to SEC disclosure requirements, but *everyone* should take a good, hard look at their compliance efforts to ensure that nothing has been overlooked.
- Set priorities. What is critical and what merely important? What can be fixed and what should be junked?
- Be practical. Many "Year 2000 questionnaires" seem designed as much to transfer potential blame as to solve the problem. If there is a truly crucial third party – your payroll services vendor, for example, or the sole supplier of an indispensable raw material – don't just send a questionnaire. Instead, give serious consideration to direct testing and evaluation of the vendor or supplier's systems. If there is a crippling Year 2000 problem, a later breach of warranty claim against the supplier's trustee in bankruptcy will not provide you a great deal of comfort.
- Test, test, and then test some more. Expect and plan for the unexpected.

As I said at the outset of this letter, the potential for dislocation from Year 2000 problems is unprecedented. But so is the level of knowledge concerning the problem and the technical ability to solve it. I urge all of our insureds to address their Year 2000 issues promptly and aggressively.



Senior Vice Chairman
Thomas R. Tizzio

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under WHO IS AN INSURED (SECTION III).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION I - COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION II); and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

- c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers Compensation and Similar Laws

Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

(i) If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or

(ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraph (d)(i) does not apply to "bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor.

ENDORSEMENT MS # 003

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
CANCELLATION PROVISION
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The company agrees to provide continuous coverage to the Insured for the term of this project and therefore waives its rights of cancellation except for non-payment of premium by the insured and non-compliance with safety/loss control recommendations. Non-payment shall be deemed to have occurred if payment is not received by the company in accordance with the agreed to payment schedule.

Non-compliance shall be deemed to have occurred when (1) the insured fails to comply with reasonable job safety recommendations and/or legally mandated safety standards; (2) The insured fails to correct hazards that present an undue exposure to employees and/or the public.

The company will provide ten (10) days written notice for non-payment of premium and thirty (30) days written notice of non-compliance with safety recommendations via certified mail to:

Sponsor: Hovnanian Enterprises, Inc.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

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Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

(2) Any loss, cost or expense arising out of any:

(a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage to Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was in- correctly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage to Impaired Property or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in LIMITS OF INSURANCE (Section III).

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal injury" or "advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

b. This insurance applies to:

- (1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
- (2) "Advertising injury" caused by an offense committed in the course of advertising, your goods, products or services;

but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. "Personal injury" or "advertising injury":

- (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;

- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
 - (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement; or
 - (5) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.
- b. "Advertising injury" arising out of:
- (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
 - (2) The failure of goods, products or services to conform with advertised quality or performance;
 - (3) The wrong description of the price of goods, products or services; or
 - (4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.
- c. Any loss, cost or expense arising out of any:
- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations; provided that
- (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and re-
 - (2) The expenses are incurred and re-date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
- (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.
2. Exclusions
- We will not pay expenses for "bodily injury":
- a. To any insured.
 - b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
 - c. To a person injured on that part of premises you own or rent that the person normally occupies.
 - d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefits law or a similar law.
 - e. To a person injured while taking part in athletics.
 - f. Included within the "products-completed operations hazard".
 - g. Excluded under Coverage A.
 - h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident
 - (1) On premises you own or rent;

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
5. All costs taxed against the insured in the "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph 2.b.(2) of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I - Coverages), such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
2. Each of the following is also an insured:
 - a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:
 - (1) "Bodily injury" or "personal injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs (1)(a) or (b) above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
 - (2) "Property damage" to property:
 - (a) Owned, occupied or used by.
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
 - b. Any person (other than your "employee"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

- (1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (2) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner; or
- (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage A (Section I).

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Advertising injury" means injury arising out of one or more of the following offenses:
 - a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. Oral or written publication of material that violates a person's right of privacy;
 - c. Misappropriation of advertising ideas or style of doing business; or
 - d. Infringement of copyright, title or slogan.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or

- (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
 - 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
 - 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
 - 7. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
 - 8. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph f. does not include that part of any contract or agreement
- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
9. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
10. "Loading or unloading" means the handling of property:
 - a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

- b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
11. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.
However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
12. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
13. "Personal injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
14. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
- Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:
- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.
15. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
16. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
17. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
18. "Your product" means:
- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
 - b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- "Your product" includes:
- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - b. The providing of or failure to provide warnings or instructions.
- "Your product" does not include vending machines or other property rented to or located for the use of others but not sold.
19. "Your work" means:
- a. Work or operations performed by you or on your behalf; and
 - b. Materials, parts or equipment furnished in connection with such work or operations.
- "Your work" includes:
- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - b. The providing of or failure to provide warnings or instructions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
-TRANSPORTATION
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

POLICY NUMBER: GL 817- 05 RA

CO Mercial GENERAL LIABILITY
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS (FORM B)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

Where required by "Insured Contract" and as evidenced by certificate of insurance on file with the Company

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.

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KHOV089837

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - VENDORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization (Vendor): WHERE REQUIRED BY AN "INSURED CONTRACT" AND AS EVIDENCED BY CERTIFICATE OF INSURANCE ON FILE WITH THE COMPANY

Your Products:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured any person or organization (referred to below as vendor) shown in the Schedule, but only with respect to "bodily injury" or "property damage" arising out of "your products" shown in the Schedule which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.

2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to paragraph 2. Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I - Coverages):

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

- B. The following exclusion is added to paragraph 2. Exclusions of COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY (Section I - Coverages):

This insurance does not apply to:

"Personal injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal injury" to that person at whom any of the employment-related practices described in paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION - EXCEPTION FOR SCHEDULED ACTIVITIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description of Activity(ies):

WHERE REQUIRED BY AN "INSURED CONTRACT" AND EVIDENCED BY CERTIFICATE OF INSURANCE ON FILE WITH THE COMPANY

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

- c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
- (1) Causing or contributing to the intoxication of any person;
 - (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

- (1) Manufacture, sell or distribute alcoholic beverages;
- (2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (a) Requires a license;
 - (b) Is for the purpose of financial gain or livelihood; or
- (3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of the selling, serving or furnishing of alcoholic beverages at the specific activity(ies) described above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including microprocessors;
- (b) Computer application software;
- (c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

POLICY NUMBER: GL 817-83-05 RA

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

WHERE REQUIRED BY AN "INSURED CONTRACT" AND EVIDENCED BY CERTIFICATE OF
INSURANCE ON FILE WITH THE COMPANY

(If no entry appears above, information required to complete this endorsement will be shown in the
Declarations as applicable to this endorsement.)

We waive any right of recovery we may have against the person or organization shown in the
Schedule because of payments we make for injury or damage arising out of "your work" done under
a contract with that person or organization. The waiver applies only to the person or organization
shown in the Schedule.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT-AGGREGATE LIMITS OF INSURANCE
PER PROJECT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The General Aggregate Limit under LIMITS OF INSURANCE (SECTION III) applies separately to each of your projects away from premises owned by or rented to you.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOTOR VEHICLE LAWS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The following are added to COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

1. When this Coverage Part is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the coverage part for Bodily Injury Liability or Property Damage Liability will comply with the provisions

of the law to the extent of the coverage and limits of insurance required by that law.

2. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverages required by any motor vehicle insurance law. We will provide the required limits for those coverages.

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

policy No. GL 817-83-05 RA issued to HOVNANIAN ENTERPRISES, INC.

by A I U INSURANCE COMPANY

ASBESTOS EXCLUSION ENDORSEMENT

It is hereby understood and agreed that such insurance as is afforded by the Company, Policy #
GL 817-83-05 RA, for Bodily Injury Liability and Property Damage Liability is subject to the following exclusion:

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of, mining of, use of, sales of, installation of, distribution of, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time as a result of the manufacture of, mining of, use of, sales of, installation of, distribution of, or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the company is not obligated to defend any suit or claim against the insured alleging bodily injury or property damage and seeking damages, if such suit or claims arises from bodily injury or property damage resulting from or contributed to, by any and all manufacture of, mining of, use of, sales of, installation of, distribution of, or exposure to asbestos products, asbestos fibers or asbestos dust.

AUTHORIZED REPRESENTATIVE

42833(8/85)

KHOV089845

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of
policy No. GL 817-83-05 RA issued to HOVNANIAN ENTERPRISES, INC.
by A I U INSURANCE COMPANY

RADIOACTIVE MATTER EXCLUSION

This policy does not apply to:

"Bodily Injury" or "Property Damage" arising from the actual, alleged or threatened exposure of person(s) or property to any radioactive matter.

AUTHORIZED REPRESENTATIVE

45782(5/87)

KHOV089846

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

SELF-INSURED RETENTION

(Per Occurrence with Aggregate Limitation)

1. In consideration of the premium charged, it is agreed that the Limits of Insurance for each of the coverages provided by this policy will apply excess of a \$25,000 Self Insured Retention, (hereinafter referred to as the "Retention Amount").

The Retention Amount:

- (a) shall apply only to any "occurrences" covered under this policy, and
- (b) shall apply separately to each such "occurrence"; and
- (c) shall include all amounts under the Supplementary Payments section of the policy.

Your bankruptcy, insolvency or inability to pay the Retention Amount shall not increase our obligations under this policy.

The total Retention Amount for which you are liable is limited to an "Aggregate Amount" of \$ for the policy period. The Aggregate Amount is applicable even if the policy is terminated prior to the expiration date. Upon exhaustion of the "Aggregate Amount" a \$ "Retention Amount" shall apply as stated in (a), (b) and (c) above.

2. In addition to your duties under Section IV, paragraph 2 of this policy (Duties in the Event of Occurrence, Claim or Suit), you must notify us in writing as soon as practicable but not later than sixty (60) days after you receive notice of any "occurrence", claim or suit involving:

- (a) a fatality
- (b) dismemberment or amputation
- (c) paraplegia or quadriplegia
- (d) loss or impairment of eyesight or hearing, or
- (e) any loss which in your reasonable judgment, taking into account past or anticipated Supplementary Payments in connection with the loss, may result in payments equal to or exceeding 50% of the Retention Amount.

3. On a _____ basis, you or your loss adjusting representative must provide us with a written summary of all "occurrences", claims, or suits which have or may result in payments within the Retention Amount. This written summary must show:

- (a) the date of the "occurrence", and
- (b) the name(s) of the injured person(s) or identification of the damaged property, and
- (c) a description of the injury or damage, and
- (d) the amount paid or set aside as a reserve, including Supplementary Payments, resulting from the "occurrence", claim or suit.

-
4. We shall have the right but not the duty to participate with you at our own expense in the defense or settlement of any claim or suit seeking damages covered under this policy. In the event of a claim or suit which in our reasonable judgment may result in payments, including Supplementary Payments, in an amount in excess of the Retention Amount, we may assume control of the defense or settlement of such claim or suit. You will continue to be responsible for the payment of the Retention Amount.
 5. In the event there is any other insurance, whether or not collectible, applicable to an "occurrence", claim or suit within the Retention Amount, you will continue to be responsible for the full Retention Amount before the Limits of Insurance under this policy apply.
 6. For the purposes of this Endorsement only, the term "occurrence" shall include an offense giving rise to "personal injury" or "advertising injury".

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL LEAD EXCLUSION

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to any "bodily injury", "property damage", "personal injury", or "advertising injury", or other loss, cost or expense arising out of the presence, ingestion, inhalation, or absorption of or exposure to lead in any form or products containing lead.

All other terms and conditions remain unchanged.

Authorized Representative

58332(7/93)

KHOV089849

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
BROAD NAMED INSURED ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

It is hereby agreed that the definition of Named Insured is as follows:

"Named Insured" means the person or organization first named in the Declarations of this policy (the first Named Insured) and also includes (1) any other person or organization named in the Declarations; (2) any subsidiary corporation (including subsidiaries thereof) owned by any corporation named in the Declarations at the inception date of this policy, provided such subsidiary corporation and their operations have been declared to the company prior to the inception date of this policy in writing; and (3) any corporation acquired or formed during the policy period as a subsidiary of any entity designated above, provided the first named insured notifies the company in writing of such acquisition or formation within ninety (90) days thereof. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the corporation. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the corporation.

A corporation shall be deemed to be a subsidiary if more than fifty (50) percent of its voting stock is owned by its parent corporation.

As of inception the following are listed as "Named Insureds":

See Named Insured Endorsement

All other terms, conditions, and exclusions of this policy remain unchanged.

Authorized Representative

61544(12/94)

KHOV089850

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

O.C.I.P. AND C.C.I.P. - WRAP UP EXCLUSION

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that this policy does not apply to any work performed by or on behalf of you under any Owner Controlled Insurance Program (O.C.I.P.) or Contractor Controlled Insurance Program (C.C.I.P.), otherwise referred to as Wrap Up Program, that you enter into except as respects excess coverage for the Products - completed operations hazard for "your work."

All other terms, conditions, and exclusions of this policy remain unchanged.

Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
UNINTENTIONAL ERRORS OR OMISSIONS

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to section IV, COMMERCIAL GENERAL LIABILITY CONDITIONS:

We shall not deny coverage for your unintentional failure, in good faith, to disclose all hazards existing on the effective date of coverage.

However, you shall disclose such hazards to us as soon as practicable upon your discovery of any hazards.

Further, we shall not deny coverage for any unintentional error or omission, in your providing material information for coverage including any incorrect description in the declaration of contracts for "your work" or of the interest, risk, or property insured, provided you give notice to us as soon as practicable upon discovery of any such error or omission.

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

AMENDMENT OF THE COVERAGE TERRITORY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Section V - Definitions, 4.- Coverage Territory, c., is amended to read:

c. All parts of the world if:

(1) The injury or damage arises out of:

(a) Goods or products made or sold by you; or

(b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

(2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

AUTHORIZED REPRESENTATIVE

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

OTHER INSURANCE CLAUSE

In consideration of the payment of premium, it is hereby understood and agreed that only paragraph b., Excess Insurance, of subsection 4., Other Insurance, of SECTION IV -COMMERCIAL GENERAL LIABILITY CONDITIONS, is deleted in its entirety and replaced by the following:

b. Excess Insurance.

This insurance is excess over any other insurance, whether primary, umbrella, excess, contingent or on any other basis, and whether collectible or uncollectible:

(1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for an "insured's work";

(2) That is Fire Insurance for premises rented to an "insured".

(3) If a "claim" arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage A (Section 1); or

(4) If a "claim" arises out of the actions of a hired contractor or subcontractor who has agreed to either:

a. Contractually indemnify the "insureds" against whom "claims" may be made for any "claims" resulting from the actions of the hired contractor or subcontractor, or

b. name the "insureds" against whom "claims" may be made as Additional Insureds on the hired contractor's or subcontractor's commercial general liability insurance policy.

When this insurance is excess, we will have no duty under Coverage A or B to defend any "claim" or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the "insured's" rights against all those other insurers. When this insurance is excess of other insurance, we will pay only our share of the amount of the "claim", if any, that exceeds the sum of:

1. The total amount that all such other insurance would pay for the claim in the absence of this insurance, and
2. The total of all deductible and self-insured amounts under all such other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Liability shown in the Declarations.

All other terms and conditions remain unchanged.

Authorized Representative

65986(3/93)

KHOV089854

ENDORSEMENT

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

Additional Declarations EMPLOYEE BENEFITS LIABILITY INSURANCE

COVERAGE		LIMIT OF LIABILITY DEDUCTIBLE	
Employee Benefits	\$1,000,000	Each Occurrence	
Liability Insurance	\$1,000,000	Annual Aggregate	\$ Each Occurrence

PREMIUM COMPUTATION

Est. No. of Employees	Rate Per Employee Advance Premium	
0-100	First 5,000 .01	Incl.
	Next 5,000 .05	Incl.
	Over 10,000 .011	Incl.

Total Advance Premium Incl.

In consideration of the payment of premium, this Company agrees with the Insured named in the Declarations to afford the coverage set forth herein. The other terms, conditions and limits of liability in other sections of the policy to which this endorsement is attached shall not apply to insurance afforded hereunder.

INSURING AGREEMENTS

1. Employee Benefits Liability

The Company will indemnify the Insured for all sums which the Insured shall become legally obligated to pay as damages because of any claim made against the Insured due to any negligent act, error or omission of the Insured, or any other person for whose acts the Insured is legally liable, in the administration of the Insured's Employee Benefits Program, as defined herein, and this Company shall have the right and duty to defend any suit against the Insured seeking damages on account of such negligent act, error or omission, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient; but this Company shall not be obligated to defend any suit after the applicable limit of this Company's liability has been exhausted by payment of judgments or settlements.

DEFINITIONS

1. Definition of "Insured"

With respect to the insurance afforded by this endorsement the unqualified word "insured" includes the Named Insured; provided that (a) if the Named Insured is designated as an individual, the insurance applies only to the conduct of a business of which he is sole proprietor and (b) the unqualified word "insured" also includes the following:

(i) if the Named Insured is or includes a partnership or joint venture, any partner or member thereof but only with respect to his liability as such;

(ii) any executive officer, director or stockholder of the Named Insured while acting within the scope of his duties as such, (iii) any employee, provided such employee is authorized to act in the administration of the Named Insured's Employee Benefits Programs.

2. "Employee Benefits Programs"

The term "Employee Benefits Programs" means (a) group life insurance, group accident or health insurance, profit sharing plans, pension plans, employee stock subscription plans, workmen's compensation, unemployment insurance, social benefits, disability benefits, and (b) any other similar employee benefits instituted after the effective date of this endorsement provided this Company is notified within thirty days after the institution of such benefits.

3. "Administration"

The unqualified word "administration" wherever used shall mean:

- (a) Giving counsel to employees with respect to the Employee Benefits Programs;
- (b) Interpreting the Employee Benefits Programs;
- (c) Handling of records in connection with the Employee Benefits Programs;
- (d) Effective enrollment, termination or cancellation of employees under the Employee Benefits Programs; provided all such acts are authorized by the Named Insured.

4. "Occurrence"

The word "occurrence" shall mean any negligent act, error or omission of the Insured in the Administration (as defined herein) of the Insured's Employee Benefits Program (as defined herein) occurring during the term of coverage provided by this endorsement.

EXCLUSIONS

This endorsement does not apply to:

- 1. any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation;
- 2. bodily injury to or sickness, disease or death, of any person, or to injury to or destruction of any tangible property, including the loss of use thereof;
- 3. any claim for the failure of performance of contract by an insurer;
- 4. any claim based upon the Insured's failure to comply with any law concerning workmen's compensation, unemployment insurance, social security or disability benefits;
- 5. any claim based upon:
 - (a) failure of stock to perform as represented by an Insured;
 - (b) advice given by an Insured to an employee to participate in stock subscription plans
- 6. all sums which the Insured shall become legally obligated to pay as loss because of any Breach of Fiduciary Duty (as defined below) or because of any Breach of Fiduciary Duty by any other person for which the Insured is legally responsible and arising out of the Insured's activity as a fiduciary of any Plan covered by this endorsement. The term "Breach of Fiduciary Duty" shall mean the violation of any of the responsibilities, obligations or duties imposed upon fiduciaries by the EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 or amendments thereto with respect to any Plan covered by this endorsement
- 7. any claim made against the Insured based on or attributable to any failure or omission on the part of the Insured to effect and maintain insurance or bonding for Plan Property or Assets.

CONDITIONS

1. Application of this Endorsement

This endorsement applies to damages resulting from claim or suit brought against the Insured during the endorsement period, provided the Insured, at the effective date of this endorsement, had no knowledge or could not have reasonably foreseen any circumstances which might result in a claim or suit.

2. Limits of Liability

Regardless of the number of (a) Insureds under this policy (b) persons who sustain damage, or (c) claims made or suits brought for such damage; the limit of liability stated in the Additional Declarations as applicable to "each occurrence" is the limit of this Company's liability for all damages incurred on account of any claim covered hereunder; the limit of liability stated in the Additional Declarations as "annual aggregate" is, subject to the above provision respecting each claim, the total limit of this Company's liability for all claims covered hereunder and occurring during each annual period this endorsement is in force.

3. Premium

The premium stated in the Additional Declarations is an estimated premium only. Upon termination of each annual period of this endorsement the Insured, on request, will furnish this Company a statement of the total number of employees at the end of the period. The earned premium shall be computed on the average of the number of employees at the end of the coverage period and that stated in the Additional Declarations. If the earned premium thus computed exceeds the estimated premium paid, the Insured shall pay the excess to this Company; if less, this Company shall return to the Insured the unearned portion paid by such Insured.

4. Deductible

The deductible amount indicated in the Additional Declarations shall be subtracted from the total amount of all sums which this Company is obligated to pay or incur on behalf of the Insured on account of each occurrence. This Company shall be liable only for the difference between each deductible amount and the limit of this Company's liability for each occurrence as stated in the Additional Declarations. The terms of this endorsement including those with respect to notice of claim or suit and this Company's right to investigate and negotiate any such claim or suit, apply irrespective of the application of the deductible amount.

5. Other Insurance

With respect to negligent acts, errors or omissions which occur prior to the effective date of this endorsement, the insurance thereunder shall apply only as excess insurance over any other valid and collectible insurance and shall apply only in the amount by which the applicable limit of liability of this endorsement exceeds the sum of the applicable limits of liability of all such other insurance.

6. Conformity with Statute

Terms of this endorsement which are in conflict with the statutes of the State wherein this endorsement is issued are hereby amended to conform to such statutes.

Authorized Representative

ENDORSEMENT MS # 001

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

NAMED INSURED ENDORSEMENT
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Named Insured of the policy declarations is completed to read:

1. The Sponsor – Hovnanian Enterprises, Inc.
 - (a) Any partner, venture member or subsidiary company (including subsidiaries thereof) of the Named Insured as now constituted or as may be hereinafter constituted; and
 - (b) Any Company, Partnership, Joint Venture, or other organization (and any partner or member thereof as respects his/her/its liability as such) coming under the Named Insured's active management control, but only to the extent the Named Insured is required by contract to provide such insurance; and
 - (c) The Named Insured with respect to any company, partnership, joint venture, or other organization in which the Named Insured has financial interest but does not exercise active managerial control to the extent of the Named Insured's interest only; and
 - (d) Any Employee Benefit Funds, Plans or Organizations under trusteeship or management of officers, directors or employees of the Named Insured; and
 - (e) Any organization acquired by the Named Insured during the policy period through consolidation, merger, purchase of assets, or assumption of control and active management.
2. All contractors, all tiers of subcontractors, each separate contractor of Hovnanian Enterprises, Inc. others to whom Hovnanian Enterprises, Inc. contracts to furnish insurance under the insurance program for this project but excluding vendors, suppliers, material dealers and others who merely make deliveries to or from the Project Site.

Authorized Representative

KHOV089858

ENDORSEMENT MS # 002

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

ADDITIONAL DEFINITIONS ENDORSEMENT
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Section V - Definitions - is amended to include:

16. The term "sponsor" as used herein shall mean
Hovnanian Enterprises, Inc.
17. The term "Contractors" as used herein shall mean contractors who have executed the Contract Document with the Hovnanian Enterprises, Inc., have been enrolled in this insurance program, and who performs operations at the Project Site in connection with the Project.
18. The term "Project Site" means:
That certain property(ies) described as per schedule on file with the company.
The Project Site also includes areas adjacent to the above described locations where incidental operations are performed, excluding permanent locations of any insured party other than Owner.
19. The term "from" the Project Site means emanating from the Project Site.
20. The term "Project" or "the Project" as used herein means: As described in Contract Documents between Hovnanian Enterprises, Inc. and contractors.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089859

ENDORSEMENT MS # 004

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY
JOINT VENTURE EXCLUSION ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that all of your Joint Ventures that you enter into are excluded except, for damages arising out of the "Products/Completed Operations Hazards." The insurance for such damages shall be excess over any other insurance whether primary, excess, contingent or on any other basis.

Coverage as provided by this endorsement, will be afforded you in accordance with your interest in the Joint Venture as stipulated by the Joint Venture Agreement. In the absence of a formal joint venture agreement, no coverage will apply.

This exclusion does not apply to those Joint Ventures specifically listed on this policy's named insured endorsement.

All Other Terms, Conditions, and Exclusions Of This Policy Remain Unchanged.

Authorized Representative

KHOV089860

ENDORSEMENT MS # 005

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
INSURANCE COMPANY WAIVER ENDORSEMENT
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This policy is primary coverage and the insurance carrier agrees not to take action or recourse against any insured for loss paid or expenses incurred because of any claim made against this policy.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089861

ENDORSEMENT MS # 006

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
KNOWLEDGE & NOTICE OF AN OCCURRENCE ENDORSEMENT
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

It is understood and agreed that the following is added to Paragraph 2 of Commercial General Liability Conditions (Section IV):

- e. Knowledge of an "occurrence, "claim, or "suit" by the agent, servant or employee of any insured shall not in itself constitute knowledge of the insured unless individuals in the following positions shall have received such notice from the agent, servant or employee:

(INDIVIDUALS TO BE DETERMINED PRIOR TO BINDING COVERAGE)

- f. It is further agreed that knowledge of an occurrence by one or more Named Insured or Insured shall not constitute knowledge of such occurrence by any other Named Insured, and notice of any occurrence given to the company or any of its authorized agents by one Named Insured or Insured shall constitute such notice by all Named Insured and Insureds.

For purposes of this Endorsement, Project Manager shall mean the designee of the Named Insured or Insured exercising on behalf of such Named Insured or Insured chief supervisory or administrative authority at the Project Site.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089862

ENDORSEMENT MS # 007

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
UNDISCLOSED EXPOSURES ENDORSEMENT
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Failure of the insured to disclose all hazards existing as of the inception date of the policy shall not prejudice the insured with respect to the coverage afforded by this policy provided such failure or any omission is not intentional.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089863

ENDORSEMENT MS # 008

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
AMENDMENT OF PERSONAL INJURY COVERAGE
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Exclusion a. (4) of Coverage B. Personal and Advertising Injury Liability is deleted.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089864

ENDORSEMENT MS # 009

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
AMENDMENT OF BODILY INJURY DEFINITION

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is understood and agreed that the definition of bodily injury in Paragraph 3 of Definitions is replaced by the following:

"Bodily Injury" means bodily injury, mental anguish, shock, mental injury, sickness, or disease sustained by a person, including death resulting from any of these at any time.

Authorized Representative

KHOV089865

ENDORSEMENT MS # 010

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
STOP GAP COVERAGE EMPLOYERS LIABILITY ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. INSURING AGREEMENT

In consideration of the premium for this endorsement, it is agreed that if, under any circumstances, it is determined that any employee of the Insured who is employed in a state listed hereunder is injured in the course of and arising out of his employment either in a state named in this endorsement or in operations necessary or incidental thereto but is not entitled to receive or elects not to accept the benefits provided by the Workers' Compensation Act or Law of such state, then this policy shall respond and the Company will pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of bodily injury by occurrence or disease, including death at any time resulting therefrom, sustained in the United States of America, its territories or possessions, or Canada.

2. LIMITS OF LIABILITY

The limit of the Company's liability under this endorsement is \$1,000,000 for all damages because of bodily injury by occurrence, including death at any time resulting therefrom, sustained by one employee in any one occurrence; and, subject to the foregoing provision respecting each employee, the total limit of the Company's liability is \$1,000,000 for damages because of bodily injury by occurrence, including death at any time resulting therefrom, sustained by two or more employees on any one occurrence. The limit of the company's liability under this endorsement is \$1,000,000 for all damages because of bodily injury by disease, including death at any time resulting therefrom, sustained by one employee and, subject to the foregoing provision respecting each employee, the total limit of the company's liability for all damages because of bodily injury by disease, including death at any time resulting therefrom, sustained by employees in a state named in this endorsement or in the operations necessary or incidental thereto, is \$1,000,000.

The words "damages because of bodily injury by occurrence or disease, including death at any time resulting therefrom," in the Insuring Agreement includes damages for care and loss of services and damages for which the Insured is liable by reason of suits or claims brought against the Insured by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the Insured arising out of and in the course of their employment. The limits of liability herein stated shall not be cumulative with any limit of liability stated elsewhere in this policy. The inclusion herein of more than one Insured shall not operate to increase the limits of the Company's liability.

3. LIMITATION OF INSURANCE

The insurance afforded by this endorsement shall not apply to the Insured's operations in any state named in this endorsement or any operations necessary or incidental thereto during any period in which the Insured is subject to the Workers' Compensation and Occupational Disease Law(s) of any such state and is neither legally qualified self-insurer nor a member or subscriber in good standing in the State Fund of any such state.

4.

EXCLUSIONS

The insurance afforded by this endorsement shall not apply:

- a. To existing non-subject employments which the Insured fails to bring under the Workers' Compensation Act.
- b. If the Insured fails to notify the Company within thirty (30) days of the commencement of non-subject employments.
- c. To any penalty, fine, assessment or other obligations imposed by the Workers' Compensation Act.
- d. To injury or death intentionally caused by the Insured.
- e. To aircraft operations or the performance of any duty in connection with aircraft while in flight.
- f. To any claim resulting from the illegal employment of a minor.
- g. To any claim made by an employee whose remuneration has not been included in the total remuneration upon which the premium for this endorsement is based.
- h. To any claim with respect to which the Insured is deprived of any defense or defenses or is otherwise subject to penalty because of default in premium payment or any other failure to comply with the provisions of the Workers' Compensation Laws of the states indicated in Item 6.
- i. To any liability assumed by the Insured under any contract or agreement.

5.

STATES

The Insured's operations are in the state(s) of:

All Monopolistic States, Puerto Rico & Canada

6.

PREMIUM

The premium for this endorsement is \$ included and is computed as follows:

	Estimated Annual	Rate per \$100	
<u>Classification of Operations</u>	<u>Code No.</u>	<u>Remuneration</u>	<u>of Remuneration</u>
General Contractor		"if any"	

Authorized Representative

ENDORSEMENT MS # 011

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.
ENDORSEMENT FOR CONTINUING OR PROGRESSIVELY DETERIORATING DAMAGES

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART

Modification of Definition of Occurrence

The definition of Occurrence in Section V, DEFINITIONS is deleted in its entirety and replaced by the following:

12. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

In the event of continuing or progressively deteriorating damage over any length of time, such damage shall be deemed to be one occurrence, and shall be deemed to occur only when such damage first commences.

Authorized Representative

KHOV089868

ENDORSEMENT MS # 012

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
COMPOSITE RATING PLAN PREMIUM ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that the premium for the policy to which this endorsement is attached shall be computed upon composite basis in accordance with the Company's rules, rates, rating plans, minimum premiums and other terms of the policy. All other terms and conditions of the policy remain unchanged.

Composite Rate per \$1,000 of Workers Compensation Payroll

<u>Exposure</u>	<u>Composite Rate</u>	<u>Annual Premium</u>
\$103,017,498	\$12.60	

Authorized Representative

KHOV089869

ENDORSEMENT MS # 013

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SIR AMOUNTS ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is hereby agreed and understood that the Self Insured Retention amounts, pertaining to the Self Insured Retention endorsement, form number 46690(11/87), are as follows:

\$ _____ Each Occurrence Combined BI & PD as respects Scaffolding Operations.

\$ _____ Each Occurrence Combined BI & PD as respects Interior Operations.

Self Insured Retention (SIR) amounts are applicable to Indemnity Loss. Allocated Expenses do not exhaust the SIR and are payable by the Insured. Allocated Loss Expense are to be Split Pro-Rata by the Insured and the Carrier where Indemnity exceeds the SIR, but in no event will the Insureds portion of Allocated Expense exceed \$ _____.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089870

ENDORSEMENT MS # 015

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
POLLUTION EXCLUSION - TIME ELEMENT FORM

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that exclusion f. under Coverage A (Section 1) is replaced by the following:

- (1) (A) except as provided in subsection (2) below, any liability or alleged liability of the Insured for personal injury, property damage or advertising liability arising out of pollutants into or upon land or other real estate, atmosphere, any watercourse or body of water whether above or below ground or otherwise into the environment; or
- (B) to any liability or alleged liability, loss, cost or expense of the Insured arising out of any direction or request, whether governmental or other, that the Insured test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize pollutants.
- (C) It is understood and agreed that this exclusion shall apply whether or not the discharge, dispersal, release or escape:
 - (I) results from the Insured's activities or the activities of any other person or entity;
 - (II) is sudden gradual, accidental, foreseeable, expected or fortuitous (except as provided in subsection (2) below).
- (D) This exclusion shall not apply as respects any intentional discharge or dispersal of any substance for the purpose of mitigating or avoiding personal injury or property damage which, subject to satisfaction of the per occurrence retention amount and/or exhaustion of underlying limits, would be covered under this policy.

(2) (A) The exclusion set forth in subsection (1) above does not apply to any liability of the Insured (i) for product liability, or (ii) for personal injury or property damage caused by an occurrence constituting from the standpoint of the Insured an unexpected and unintended discharge, dispersal, release or escape of pollutants but only if the Insured becomes aware of the commencement of the discharge, dispersal, release or escape within (7) days of such commencement and complied with the special notice provision of paragraph (B) of this subsection (2).

(B) Notwithstanding anything in this policy to the contrary, the Company shall not be liable to the Insured by virtue of paragraph (2) (A) of this Section (f) unless the Named Insured provides the Company with notice in writing of the commencement of such discharge, dispersal, release or escape within (21) days of such commencement. The Insured shall otherwise comply with all the conditions set forth in this policy.

The term "pollutant" shall mean any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance which may, does, or is alleged to affect adversely the environment, property, persons or animals, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes, without limitation, materials to be recycled, reconditioned or reclaimed.

Authorized Representative

Renewal Policy No.
817-83-05

Expired Policy No.
817-83-05



COVERAGE IS PROVIDED BY THE
COMPANY DESIGNATED BY NUMBER

6

A STOCK INSURANCE COMPANY (HEREIN
CALLED THE COMPANY)

1. NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
2. AMERICAN HOME ASSURANCE COMPANY
3. THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA
4. THE BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA
5. COMMERCE AND INDUSTRY INSURANCE COMPANY
6. A.I.U. INSURANCE COMPANY

ITEM ONE Named Insured & Mailing Address
HOVNANIAN ENTERPRISES, INC.
10 HIGHWAY 25
RED BANK, NJ 07701

Producer's Name & Mailing Address
LOCKTON COMPANIES
6250 RIVER ROAD, SUITE 6020
ROSEMONT, IL 60018

MEMBERS OF THE
AMERICAN INTERNATIONAL GROUP, INC.
EXECUTIVE OFFICES
70 PINE STREET
NEW YORK, N.Y. 10270

COMMERCIAL GENERAL LIABILITY

RENEWAL DECLARATIONS

This Renewal Declarations renews the policy or renewal declarations number shown above ("Expired Policy No.") for the renewal Policy Period shown below. Except as may be indicated otherwise, it provides a new Limit of Liability as shown below. This Renewal Declarations shall replace the Declarations Page of the Expiring Policy for the renewal Policy Period. The terms, conditions, and exclusions of the Expiring Policy and any additional endorsements attached hereto shall apply to the renewal Policy Period.

ATTACH THIS DECLARATIONS TO YOUR EXPIRING POLICY.

ITEM TWO Renewal Policy Period:

From 10/31/99 to 10/31/00 at 12:01 A.M. Standard Time at Your Mailing Address Shown Above.

ITEM THREE Limits of Insurance

General Aggregate Limit (Other Than Products-Completed Operations)	\$2,000,000
Products Completed Operations Aggregate Limit	\$1,000,000
Personal & Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Fire Damage Limit Any One Fire	\$50,000
Medical Expense Limit Any One Person	\$5,000

ITEM FOUR Your Business:

Business Description: CONSTRUCTION

Form of Business: ☐ Individual ☐ Joint Venture ☐ Partnership ☒ Organization (Other than Partnership or Joint Venture)

Location of All Premises You Own, Rent or Occupy:

ITEM FIVE Premium

Classification Code No.	Premium Basis	Rate		Advance Premium	
		PR / CO	All Other	PR / CO	All Other
AS	PER SCHEDULE ON	FILE	WITH	COMPANY	

TOTAL \$460,435

Premium is payable: \$ 261,588 at inception and the remainder ☒ Monthly; ☐ Quarterly; ☐ Semi-Annually; ☐

ITEM SIX Endorsements Attached to this Policy:

ITEM SEVEN Additional Definitions

For the purposes of coverage afforded during the renewal Policy Period, the term "policy" shall mean the Expired Policy (including any endorsements attached thereto) as amended by this Renewal Declarations together with any endorsements attached to this Renewal Declarations.

For the purposes of coverage afforded during the renewal Policy Period, the term "Declarations" or "Declarations Page" as used in the policy shall mean the "Renewal Declarations" or "Renewal Declarations Page."

ITEM EIGHT Other Provisions

IN WITNESS WHEREOF, we have caused this Renewal Declarations to be executed and attested. However, this Renewal Declarations shall not be valid unless countersigned by our authorized representative.

PRESIDENT

SECRETARY

AUTHORIZED REPRESENTATIVE

DATE

COUNTERSIGNED AT

ENDORSEMENT

This endorsement, effective 12:01 AM 10/31/99 forms a part of
policy No. GL 817-83-05 RA issued to HOVNANIAN ENTERPRISES, INC.
By A I U INSURANCE COMPANY

IT IS HEREBY UNDERSTOOD AND AGREED THAT THIS POLICY HAS BEEN RENEWED
FOR THE POLICY TERM 10/31/99 - 10/31/2000

AUTHORIZED REPRESENTATIVE

ENDORSEMENT MS # 021

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of
Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.
By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It hereby understood and agreed that the following forms or endorsements have been added to the policy:

CG 21 51 09 89	Amendment of Liquor Liability Exclusion-Exception for Scheduled Activities
CG 25 10 10 93	Specific Additional Insured-Owners, Lessees, or Contractors



Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CG 21 51 09 89

**AMENDMENT OF LIQUOR LIABILITY EXCLUSION—
EXCEPTION FOR SCHEDULED ACTIVITIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Policy Number: 817-83-05

SCHEDULE

Description of Activity(ies):

K. Hovnanian Enterprises Inc. Company Sponsored Picnic

August 21, 1999

The Irvine Company Facilities Reservations

((If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.))

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

- (1) Manufacture, sell or distribute alcoholic beverages;
- (2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (a) Requires a license;
 - (b) Is for the purpose of financial gain or livelihood; or
- (3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of the selling, serving or furnishing of alcoholic beverages at the specific activity(ies) described above.

ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CG 20 10 03 97

**ADDITIONAL INSURED—OWNERS, LESSEES OR CONTRACTORS—
SCHEDULED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective 10/31/97 12:01 A.M. standard time	Policy No. GL 817-83-05 RA
Named Insured Hovnanian Enterprises Inc.	Countersigned by

(Authorized Representative)

SCHEDULE

Name of Person or Organization:

City of Irvine and the Irvine Company

Attn: Jeanie Thompson

1 Civic Ctr. Plaza PO box 19575

Irvine CA 92623

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.

KHOV089878

ENDORSEMENT MS # 020

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA issued to: HOVNANIAN ENTERPRISES INC.

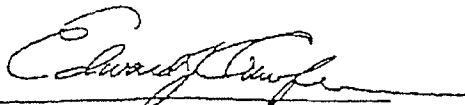
By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is hereby understood and agreed that the policy to which this endorsement is attached has been extended to 10/31/01. The additional premium for this extension is \$540,378 based on an estimated payroll of \$55,028,378 and a rate of \$0.982 per \$100 of Workers' Compensation payroll.

All other terms, conditions and exclusions of this policy remain unchanged.



Authorized Representative

ENDORSEMENT MS # 017

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
COMPOSITE RATING PLAN PREMIUM ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that the premium for the policy in combination with Workers' Compensation and Employers Liability policy numbers WC 817-94-10 RA and WC 817-94-11 RA as well as all subsequent renewals to which this endorsement is attached shall be computed upon composite basis in accordance with the Company's rules, rates, rating plans, minimum premiums and other terms of the policy. All other terms and conditions of the policy remain unchanged.

Composite Rate per \$100 of Workers Compensation Payroll

<u>Coverage</u>	<u>Exposure</u>	<u>Composite Rate</u>	<u>3 Year Annual Premium</u>
GL	\$149,768,941	\$.982	\$1,470,731
<u>Coverage</u>	<u>Exposure</u>	<u>Composite Rate</u>	<u>Annual Premium</u>
WC	\$61,490,606	\$.99	\$608,757

The rate of \$.982 per 100 of WC payroll will be guaranteed for the 10/31/98 – 10/31/99 and 10/31/99 – 10/31/00 policy period providing all lines (General Liability, Workers' Compensation and Commercial Automobile) of coverage remain with American International Group.

Authorized Representative

KHOV089880

ENDORSEMENT MS # 018

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It hereby understood and agreed that the following forms or endorsements have been deleted from the policy:

Endorsement MS # 016 Composite Rate Endorsement

Endorsement MS # 003 Cancellation Provision

It hereby understood and agreed that the following forms or endorsements have been added to the policy:

Endorsement MS # 017 Composite Rate Endorsement

Endorsement MS # 019 Cancellation Provision

CG 21 60 04 98 Year 2000 Exclusion

CG 25 04 11 85 Aggregate Limits of Insurance Per Location

Authorized Representative

KHOV089881

ENDORSEMENT MS # 019

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

CANCELLATION PROVISION

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The company agrees to provide continuous coverage to the Insured for the term of this project and therefore waives its rights of cancellation except for non-payment of premium by the insured and non-compliance with safety/loss control recommendations. Non-payment shall be deemed to have occurred if payment is not received by the company in accordance with the agreed to payment schedule.

Non-compliance shall be deemed to have occurred when (1) the insured fails to comply with reasonable job safety recommendations and/or legally mandated safety standards; (2) The insured fails to correct hazards that present an undue exposure to employees and/or the public.

The company will provide ten (10) days written notice for non-payment of premium and sixty (60) days written notice of non-compliance with safety recommendations via certified mail to:

Sponsor: Hovnanian Enterprises, Inc.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

KHOV089882

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT-AGGREGATE LIMITS OF INSURANCE PER LOCATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The General Aggregate Limit under LIMITS OF INSURANCE (Section III) applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including microprocessors;
- (b) Computer application software;
- (c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

ENDORSEMENT MS #00016

This endorsement, effective 12:01 A.M. 10/31/97 forms a part of

Policy No.: GL 817-83-05 RA

Issued to: HOVNANIAN ENTERPRISES INC.

By: A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
COMPOSITE RATING PLAN PREMIUM ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is hereby understood and agreed that Endorsement MS #012 has been deleted and replaced by the following:

It is agreed that the premium for the policy to which this endorsement is attached shall be computed upon composite basis in accordance with the Company's rules, rates, rating plans, minimum premiums and other terms of the policy. All other terms and conditions of the policy remain unchanged.

Composite Rate per \$100 of Workers' Compensation Payroll

<u>Exposure</u>	<u>Composite Rate</u>	<u>Annual Premium</u>
\$13,476,900	\$.982	\$1,323,432
		75% Annual/Minimum Premium

Authorized Representative

KHOV089885

AIU INSURANCE, COMPANY
70 PINE STREET, NEW YORK, N.Y. 10270
A CAPITAL STOCK COMPANY

PRODUCER NO: 67204
LOCKTON COMPANIES INC
6250 RIVER ROAD
SUITE 6020
ROSEMONT

1L60018

COMMON POLICY DECLARATIONS

POLICY NO.: GL 817-83-05 RA

RENEWAL OF: NEW

NAMED INSURED: HOVNANIAN ENTERPRISES, INC.

MAILING ADDRESS: 10 HIGHWAY 25
RED BANK NJ 07701-0000

POLICY PERIOD: From 10/31/97 to 10/31/99 at
12:01 A.M. Standard Time at your mailing address shown above

BUSINESS DESCRIPTION: CONSTRUCTION
IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS, CONDITIONS, AND
EXCLUSIONS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS
POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A
PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Boiler and Machinery Coverage Part	\$ NOT COVERED
Commercial Auto Coverage Part	\$ NOT COVERED
Commercial Crime Coverage Part	\$ NOT COVERED
Commercial General Liability Coverage Part	\$ 1,272,499
Commercial Inland Marine Coverage Part	\$ NOT COVERED
Commercial Property Coverage Part	\$ NOT COVERED
Farm Coverage Part	\$ NOT COVERED

TOTAL \$ 1,272,499
SURCHARGE \$ 2,925

Premium shown is payable: \$ 1,080,117 at inception.

Forms applicable to all Coverage Parts: SEE ATTACHED SCHEDULE.
(Show numbers)

COUNTERSIGNED: _____ BY _____
(Date) (Authorized Signature)

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by
state law, this policy shall not be valid unless countersigned by our authorized representative.

Elizabeth M. Tuck
Elizabeth Tuck, Secretary

Thomas R. Tizzo
Thomas R. Tizzo, President

Renewal Policy No.
GL 817 83 05



COVERAGE IS PROVIDED BY THE
COMPANY DESIGNATED BY NUMBER

Illinois National Insurance
Company

A STOCK INSURANCE COMPANY (HEREIN
CALLED THE COMPANY)

- 1 NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH PA
- 2 AMERICAN HOME ASSURANCE COMPANY
- 3 THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA
- 4 THE BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA
- 5 COMMERCE AND INDUSTRY INSURANCE COMPANY

Expired Policy No.
GL 817 83 05

ITEM ONE Named Insured & Mailing Address

Hovnanian Enterprises, Inc.
10 Highway 25
Red Bank, NJ 07701

MEMBERS OF THE
AMERICAN INTERNATIONAL GROUP, INC.
EXECUTIVE OFFICES
70 PINE STREET
NEW YORK, N.Y. 10270

Producer's Name & Mailing Address

Lockton Companies
8755 W. Higgins , Ste. 200
Chicago, IL 60631

COMMERCIAL GENERAL LIABILITY

RENEWAL DECLARATIONS

This Renewal Declarations renews the policy or renewal declarations number shown above ("Expired Policy No.") for the renewal Policy Period shown below. Except as may be indicated otherwise, it provides a new Limit of Liability as shown below. This Renewal Declarations shall replace the Declarations Page of the Expiring Policy for the renewal Policy Period. The terms, conditions, and exclusions of the Expiring Policy and any additional endorsements attached hereto shall apply to the renewal Policy Period.

ATTACH THIS DECLARATIONS TO YOUR EXPIRING POLICY.

ITEM TWO Renewal Policy Period:

From 10/31/00/ to 10/31/01 at 12:01 A.M. Standard Time at Your Mailing Address Shown Above.

ITEM THREE Limits of Insurance

General Aggregate Limit (Other Than Products-Completed Operations)	\$ 2,000,000
Products Completed Operations Aggregate Limit	\$ 1,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Fire Damage Limit Any One Fire	\$ 50,000
Medical Expense Limit Any One Person	\$ 5,000

ITEM FOUR Your Business:

Business Description: Construction

Form of Business: ☐ Individual ☐ Joint Venture ☐ Partnership ☒ Organization (Other than Partnership or Joint Venture)

Location of All Premises You Own, Rent or Occupy: SEE ATTACHED SCHEDULE

ITEM FIVE Premium

Classification Code No.	Premium Basis	Rate		Advance Premium	
		PR / CO	All Other	PR / CO	All Other
SEE	COMPOSITE	RATE		ENDORSEMENT	INCL.

TOTAL \$314,944

Premium is payable: \$ at inception and the remainder Monthly; ☐ Quarterly; ☐ Semi-Annually; ☐ X Annually

ITEM SIX Endorsements Attached to this Policy:

ITEM SEVEN Additional Definitions

For the purposes of coverage afforded during the renewal Policy Period, the term "policy" shall mean the Expired Policy (including any endorsements attached thereto) as amended by this Renewal Declarations together with any endorsements attached to this Renewal Declarations.

For the purposes of coverage afforded during the renewal Policy Period, the term "Declarations" or "Declarations Page" as used in the policy shall mean the "Renewal Declarations" or "Renewal Declarations Page."

ITEM EIGHT Other Provisions

IN WITNESS WHEREOF, we have caused this Renewal Declarations to be executed and attested. However, this Renewal Declarations shall not be valid unless countersigned by our authorized representative.

PRESIDENT



AUTHORIZED REPRESENTATIVE

DATE

SECRETARY

COUNTERSIGNED AT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT
CAREFULLY.

ENDORSEMENT #

This endorsement, effective 12:01 A.M. 10/31/2000 forms a part of

Policy No. GL 817 83 05RA issued to Hovnanian Enterprises, Inc.

By: A I U Insurance Company

This endorsement modifies insurance provided under the following:
COMMERICAL GENERAL LIABILITY COVERAGE FORM

It is hereby understood and agreed that the Policy has been renewed for the Policy
term 10-31-2000 to 10-31-2001

AUTHORIZED REPRESENTATIVE

06/19/01

KHOV089889

ENDORSEMENT #23

This endorsement effective 12:01 A.M. 10/31/1999

forms a part of policy No. 817-83-05 RA

Issued to HOVNANIAN ENTERPRISESE, INC

By A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

IT IS HEREBY UNDERSTOOD AND AGREED THAT ENDORSEMENT CG 20 26 11 85 " ADDITIONAL INSURED-DESIGNATED PERSON OR ORGANIZATION" HAS BEEN AMENDED TO INCLUDED.

IT IS AGREED THAT ANY INSURANCE MAINTAINED BY THE COUNTY OF ORANGE WILL APPLY IN EXCESS OF, AND NOT CONTRIBUTE WITH, INSURANCE PROVIDED BY THIS POLICY.

ALL OTHER RATES, TERMS AND CONDITIONS REMAIN UNCHANGED.


AUTHORIZED REPRESENTATIVE

POLICY NUMBER : GL 817-83-05 RA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CG 20 26 11 85

ADDITIONAL INSURED—DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

County of Orange

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule as an insured but only with respect to liability arising out of your operations or premises owned by or rented to you.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CG 20 10 10 93

ADDITIONAL INSURED—OWNERS, LESSEES OR CONTRACTORS (FORM B)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective 12/07/2000 12:01 A.M. standard time	Policy No. gl 817-83-05 RA
Named Insured K. HOVNANIAN ENTERPRISES	Countersigned by

(Authorized Representative)

SCHEDULE

Name of Person or Organization:

Cornerstone Communities Corporation

Encinitas Ranch LLC

D.R. Horton San Diego Holding Company, Inc.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT

This endorsement effective 12:01 A.M. 10/31/1997 forms a part of policy No. GL 817-83-05 RA
Issued to HOVNANIAN ENTERPRISE INC
By A I U INSURANCE COMPANY

BROAD FORM NAMED INSURED ENDORSEMENT
(Additional Entities)

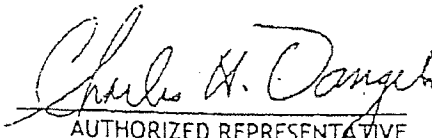
This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM,
BUSINESS AUTO COVERAGE FORM
TRUCKERS COVERAGE FORM

Policy Declarations, "Named Insured" is revised to include:

"Named Insured" means the person or organization first named as the Named Insured on the Declarations Page of this policy (the "First Named Insured"). Named Insured also includes: (1) any other person or organization named as a Named Insured on the Declarations Page; (2) any subsidiary, associated, affiliated, allied or acquired company or corporation (including subsidiaries thereof) of which any insured named as the Named Insured on the Declarations Page has more than 50% ownership interest in or exercises management or financial control over at the inception date of this policy, provided such subsidiary, associated, affiliated, allied or acquired company or corporation and their operations have been declared to us prior to the inception date of this policy; and (3) the following entities:

HOVNANIAN ENTERPRISE INC
THE MATZEL & MUMFORD ORGANIZATION, INC.


AUTHORIZED REPRESENTATIVE


ENDORSEMENT # 22

This endorsement effective 12:01 A.M. 10/31/1997 forms a part of policy No. GL 817-83-05 RA
Issued to HOVNANIAN ENTERPRISE INC
By A I U INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
AMENDATORY ENDORSEMENT
GENERAL COMMERCIAL LIABILITY

IT IS HEREBY UNDERSTOOD AND AGREED THAT ENDORSEMENT # 001 "NAMED
INSURED ENDORSEMENT" HAS BEEN DELETED FROM THE POLICY AND REPLACED
WITH 65159(4/96) "BROAD FORM NAMED ENDORSEMENT".

ALL OTHER RATES, TERMS AND CONDITIONS REMAIN UNCHANGED.


MICHAEL CONROY 08/22/00


AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CG 20 10 10 93

ADDITIONAL INSURED—OWNERS, LESSEES OR CONTRACTORS (FORM B)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective 10/31/97 12:01 A.M. standard time	Policy No. GL 817-83-05
Named Insured K. Hovnanian Enterprises Inc.	Countersigned by

(Authorized Representative)

SCHEDULE

Name of Person or Organization:

City of Irvine and the Irvine Company

Attention: Jeanie Thompson

1 Civic Ctr. Plaza P.O. Box 19575

Irvine CA 92623

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
CG 20 10 10 93

ADDITIONAL INSURED—OWNERS, LESSEES OR CONTRACTORS (FORM B)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective 10/31/97 12:01 A.M. standard time	Policy No. GL 817-83-05
Named Insured K. Hovnanian Enterprises Inc.	Countersigned by (Authorized Representative)

SCHEDULE

Name of Person or Organization:
City of Irvine and the Irvine Company
Attention: Jeanie Thompson
1 Civic Ctr. Plaza P.O. Box 19575
Irvine CA 92623

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.